

SECRET

BI-WEEKLY PROPAGANDA GUIDANCE

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214. Plebiscite for Germany

In his talks with Italian President Gronchi (February 1960), Khrushchev rigidly reasserted the original maximum Soviet position on Germany: German reunification is an impossible concept; there could be a confederation of the two Germanies with which a peace treaty could be made; if such a solution were not possible separate treaties should be concluded with each of the two Germanies; a free city of all Berlin would never be accepted since it would entail the liquidation of the socialist regime in East Berlin; Berlin in its entirety should be incorporated into East Germany; however, as a real concession to the West, the Soviet Union had persuaded the East German regime to agree that West Berlin be made a free city with access routes under Soviet control; the East German state exists and should be recognized. On his trip to the Far East, Khrushchev reiterated the Soviet position: if negotiations with the West on the German question are not fruitful, he would be obliged to sign a separate treaty with East Germany. He also reasserted the Soviet plan for a free city of West Berlin within the context of a German peace treaty. Khrushchev's remarks seem to indicate an increasingly intransigent attitude. Whether this attitude really is as uncompromising as it appears or whether Mr. Khrushchev, for tactical reasons, is seeking to convince the West of his firmness, remains to be seen. Meanwhile, in late February 1960, the US press reported that Secretary of State Herter favors a plebiscite in which the German people would have an opportunity to register their preferences for the Western plan (promulgated as "internationally supervised free elections for all Germany") or the Soviet plan (to be characterized as "separate peace treaties for East and West Germany"). Willie Brandt, Mayor of West Berlin, in a December 1959 speech to the Berlin Parliament, stated that "the Senate would be ready at any time to support a four-power agreement concerning a plebiscite in Berlin". While there is little likelihood that the USSR will agree to a plebiscite, the result of which would almost certainly favor the Western plan, the advantages, from the point of view of arousing sympathy and support for the Western position, of encouraging such a plebiscite are considerable.

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215. Afro- Asian Convention on Tibet

On the initiative of the prominent Indian Socialist J. P. Narayan, a Committee for Solidarity with Tibet was formed in India in 1959. Representatives of this committee visited Southeast Asia, Japan, and the Near East to promote interest in the formation of an international group to concern itself with the plight of Tibet. Religious, cultural, and lawyers' groups were approached and invited to send representatives to an "Afro-Asian Convention on Tibet", originally scheduled for February. A number of acceptances were received, and in some instances the delegations were to come with the sanction of their governments. The date of the New Delhi meeting was subsequently changed at the personal request of Prime Minister Nehru, in deference to the visit to Asia by Soviet Prime Minister Khrushchev during February. The convention was accordingly rescheduled for 8-10 April. The organizers have explained the postponement to invitees as due to the elections in Burma and Ceylon and have urged them to plan to send, in April, the same delegations or ones "equally strong". The US Government has had no direct hand in planning or guiding this activity, and we will continue to exercise caution regarding our interest in it, to avoid tainting it with Western influence.

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216. Current Stresses in the Soviet Union

The loud Soviet propaganda about sputniks, the Seven-Year plan and "peaceful coexistence" has driven less dramatic problems into the background. There is no doubt that there have been many changes in the Soviet Union since Stalin's death. Most of these have been favorably received by the Soviet masses and the exultant propaganda is to serve the double purpose of discouraging remaining internal opposition and convincing the world that the Soviet Union is riding high on the wave of the future. The main stresses of the Stalin era - forced labor, police terror, severe shortages of food and consumer goods - have been somewhat relieved. New tensions, due mostly to Khrushchev's policies, have arisen. On the internal front we can distinguish two categories of reforms, those primarily involving personnel and those which aim at transforming attitudes. When in June 1957, the anti-Party group was removed from the center of decision making, many followers of those leaders were hurt. This applies in particular to Molotov who was respected as an old Bolshevik and who was popular in his Ministry of Foreign Affairs. It also applies to Malenkov whose announced policy of increasing consumer goods had been very favorably received. The industrial reorganization dissatisfied many industrial managers who were reluctant to leave the capital for the duller life in the economic regions. Others, taking too much to heart the new policy of decentralization, were accused of the sin of "localism" (putting local interests ahead of the fulfillment of the national plan.) The reforms in agriculture, particularly the abolition of the Machine Tractor Stations (MTS), former centers of political control over the kolkhoz population, dismayed many local political chiefs. The peasants themselves do not generally relish all these reforms since they have included attacks on their private plots and the threat to transform the peasants into paid agricultural workers and to force them to live in city-type communities (agrorods). On the whole the agricultural population is the one group that remains today as reluctant as under Stalin to accept the blessings of communism. The liquidation of Beria and the abolition of the MVD as an All-Union Ministry has affected numerous officials who had started their career in this service. Khrushchev's consistent efforts to eliminate the deadwood in the higher Party cadre involves many individuals whose main qualifications as bureaucrats rather than as production managers served them well under Stalin but not so well under the new regime. Belayev who was made the scapegoat for the trouble in Kazakhstan is only the most recent example of this continuing purge. Almost every week transfers and demotions are announced, frequently involving First Party Secretaries in the non-Russian regions (see also Bi-Weekly Propaganda Guidance No. 15, Item #84). Probably the largest group of people affected at one time is that comprising the 250,000 officers whose careers have been interrupted by the latest Khrushchev move to reduce the armed forces. Strains between the Party and the army, still smarting from the removal of Zhukov, will be due less to the problem of relocating these officers than to the manner of their "selection-out". Shall the army retain the best military leaders or the leaders of Party propaganda inside

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216. (Cont.)

the army? Among the population, generally, Khrushchev's efforts at creating new attitudes have not met so far with any marked success. The new Soviet man, more interested in promoting the welfare of Communist society than his own career, has not materialized in spite of a few well propagandized cases. (For instance, Gaganova the admirable woman who left a flourishing kolkhoz to devote her efforts to raising the productivity on a backward kolkhoz.) One of the most serious problems has been connected with the attempt to adjust the outmoded ideology to the new programs. As revealed by the recent propaganda directive (see Bi-Weekly Propaganda Guidance No. 33, Item #204) there is a wide gap between the Party and the people. While the propagandists continue to rely on quotes from Marx and Lenin instead of drawing mainly on "the heroic deeds of the present", the people remain completely apathetic. The youth, in particular the sons of high Party officials and students, have often shown little more than contempt for Party propaganda. (For further subjects, see Attachment, Moscow Dispatch No. 412, in particular the list of potentially disaffected groups.)

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Text of Ambassador Thompson's Dispatch, 29 January 1960

SUBJECT: Current Strains Within the Soviet System

The transfers of Belyaev and Kirichenko, the recent meetings of the Central Committee and the Supreme Soviet, and the Central Committee's resolution on Party propaganda have thrown new light on some of the problems with which the Soviet Union is faced and make this a convenient time to attempt a review of these problems.

A. The Leadership

There is no indication that the personal position of Khrushchev has been shaken, and on the contrary he has probably consolidated his power even further. Since coming to power Khrushchev has instituted a number of reforms and inaugurated policies which, as I have frequently pointed out, have generally appealed to the public at large although they have at the same time alienated small but important categories of individuals who have been adversely affected by these policies. The addition to this group of around a quarter of a million military officers who will for the most part find it difficult to adjust to civilian life will bring the total of the incipient Khrushchev opponents to an appreciable figure and could in the future be a real cause of concern to him, particularly if added to by further drastic moves or by the conspicuous failure of one of more of his major policies. There is appended hereto a list of the principal categories of people believed to be more or less opposed to Khrushchev. In general, however, most of Khrushchev's policies appear to have been well received by the public at large and he has constantly shown himself to be sensitive to public reaction and has constantly cautioned against undue haste in carrying out new policies.

The efforts that have been made to develop Khrushchev's cult of personality in recent months, and particularly since his return from the United States, have been striking. Unlike Stalin, Khrushchev does not appear personally to feel the need of praise and adulation, and this strong emphasis on building up his personality suggests that the regime has some concern which they believe necessitates these measures. The most likely hypothesis, in my opinion, is that it is due to the unsatisfactory state of Soviet-Chinese relations and the fear that these difficulties may come out in the open. Were Khrushchev concerned about his personal power position, he would certainly not carry out his present plans to absent himself from the country for considerable periods of time.

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With respect to the rest of the Presidium, it seems clear that Belayev has been found to be inefficient and in any event has been made the scapegoat of the failure in Kasakh agriculture and industry. It seems unlikely that he will be able to stage a comeback and he will probably eventually either be dropped from the Presidium or at least reduced to the rank of candidate member. The case of Kirichenko is probably more complex. There would appear to be real need for a troubleshooter in the Rostov area which has suffered from drought in the past year. Moreover, part of the failure in Kazakhstan and elsewhere was due to lack of spare parts and unsuitable farm machinery, and Rostov is one of the most important centers of agricultural machine building.

On the other hand, there is no question but what Kirichenko's new assignment represents a denotion or reduction in influence. The German Ambassador informs me that he had received a report, before Kirichenko's new assignment was announced, that Khrushchev and Kirichenko had had a serious disagreement. The Ambassador said he did not know what the issue was, but later informed the Japanese Ambassador he understood that Kirichenko had advocated a hard foreign policy. I suspect this is guessing on the part of the Ambassador. I think it likely that they did have a disagreement over policy but do not think that Kirichenko, who has always been a Khrushchev man, aspired in any way to challenge Khrushchev's power. It will be recalled that last June when Averell Harriman saw Khrushchev the latter seemed to resent Harriman's assumption that Kirichenko might be a possible successor to him. It is also interesting to note that at that time Khrushchev specifically mentioned not only Koslov but also Aristov, Brezhnev, Mukhitdinov, Pospelov and Polyansky as outstanding members of the Presidium. These six, together with Mikoyan, Suslov and Ignatov of the older generation, appear to be the dominant figures in the Presidium at the present time. Brezhnev and Polyansky in particular appear to be rising stars. On the other hand, candidate Presidium member Kalnberzin, who was demoted from Party First Secretary in Latvia to Chairman of the Latvian Supreme Soviet Presidium, might be dropped from the C. C. Presidium if any reshuffle takes place.

The Swiss Ambassador had several reports from Soviet sources, one to the effect that Kirichenko opposed reduction of Soviet armed forces; the other, and more likely, that the basis of their disagreement was incompatibility of temperament of the two men. The Polish Embassy has informed us that they have heard that Kirichenko was accused of violating collective leadership by making decisions without consulting Khrushchev or his other Presidium colleagues. This sounds quite plausible.

So far as I can judge, collective leadership continues to exist in the sense that issues are probably freely discussed within the Presidium, and

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merely an examination of Khrushchev's daily schedule proves that he has delegated wide responsibilities and powers to his colleagues. There is, however, no question as to who is boss and whenever he considers an issue of sufficient importance he insists upon and gets his own way.

B. The Party

Although Khrushchev is a fanatic Communist and although he has concentrated on the Party as his instrument of power, in the past year there have been some indications that he considers himself in a sense above the Party and the representative of all elements of Soviet society. It is natural perhaps that upon his assumption of the role of chief of government he would be drawn increasingly into working with and through the government apparatus. Moreover, with his concentration upon efficiency and increase of production as his primary current objective, he is frequently brought into a position of supporting the generally more efficient technicians or managers against the Party careerists who are often not technically qualified. There was a striking passage in Khrushchev's Supreme Soviet speech in which he chided a regional Party committee for having appointed an efficient director of a collective farm as a district Party secretary. While perhaps too much importance should not be attached to a single incident, this seems to reflect Khrushchev's present line of thinking, that production is the thing and the best way to get it is to put the best people directly in charge of production.

The Central Committee's resolution on propaganda was a most revealing document and in my opinion clearly indicates a division of opinion within the Party. There would appear to be both a malaise within the Party and a growing split between the Party and the people. Khrushchev has, of course, advocated invigorating the Party cadres by cleaning out deadwood and bringing younger members to the fore. It is clear that a number of steps have been taken to this end, but they do not appear to have been wholly effective. The widespread purges of Stalin's time resulted in a kind of unnatural selection of those least endowed with initiative, and it has doubtless been difficult to interest the more capable members of the younger generation in straight Party work.

There is probably also a division within the Party as to how to meet the various problems which are described below.

C. Current and Future Problems

1. Ideology

From the long range point of view the problem most likely to set up a serious and possibly eventually even fatal strain within the Soviet system is that of adjusting Communist ideology to reality. The present ideology is

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outmoded, in some respects contrary to human nature, and contains many patent absurdities. Now that the regime has declared that socialism has been achieved in the Soviet Union and that they have entered the stage of building Communism, they feel obliged to fit current decisions into this framework. On the one hand they are reluctant to fiddle with the ideology any more than necessary, and on the other hand failure to do so tends to expose the absurdities and widen the split between the Party and the people. Although the Soviet Union is far from having achieved the abundance of production which the Party considers necessary before the stage of Communism can be achieved, they have already found it necessary to begin theoretical discussions in preparation for the next Party Congress at which time they apparently feel compelled to block out more concretely the specific goals of the Communism stage. These decisions, once taken, affect policies and actions on current problems. Among recent policies which appear to have been affected by the necessity of keeping within the framework of the ideology are a series of measures designed to restrict the development of "the new classes." The educational reform to some extent comes within this category, as does the reduction of ministerial salaries, and price and wage adjustments. Although it has been made clear that the ideology does not call for equality of consumption in the Communist stage, it would not permit the existence of bourgeois tendencies or the development of classes which has already become evident.

The "new Soviet man" has not developed as his creators had hoped, and it is clear that human nature exists even in the Soviet Union of today. As is true of any new society, those people in the Soviet Union who have achieved status are extremely proud and jealous of their position and will make strong efforts to retain it. For this reason the educational reform has probably created more opposition than any of Khrushchev's other policies. As the Soviet Union prospers and the standard of living rises, class distinctions will tend to become more pronounced and this problem will be exacerbated.

Much attention has been given in recent years to the issue of dogmatism versus revisionism. As a result of developments in East Germany, Hungary and Poland Khrushchev abandoned his earlier position that dogmatism was the greater danger and supported the campaign against revisionism. He is by nature himself a revisionist, however, and there is some indication that he is swinging back to his earlier attitude. This problem of course has important ramifications in Soviet relations with the rest of the Communist bloc.

Almost any question in the Soviet Union could be discussed within the framework of the ideology, but for convenience I have divided the remaining problems under the headings of internal and external affairs.

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2. Internal Affairs

The most serious internal political problem, apart from those mentioned above, is that of the role of the Party. There are some indications of a widening fissure between the people as a whole and the Party, and this was to some extent reflected in the Central Committee's resolution on propaganda. Party propaganda has always been dull, but in the days of Stalin and the use of mass terror it was assiduously studied by every Soviet citizen who wanted to know which way to jump next in order to survive. Although the Soviet people are still aware that Big Brother has long ears, the memory of the terror is fading and the public in general no longer feels it necessary to wade through reams of boring propaganda. Although the people as a whole take great nationalistic pride in the accomplishments of recent years, they appear to take credit for these accomplishments themselves rather than attribute them to the Party. This must be of concern to the Party hierarchy.

The conflict between the bureaucrats, including the technicians and managerial class, and the Party careerists has not been resolved. As was indicated above, Khrushchev's concentration on the increase of production may be leading to an increase in this problem rather than its resolution. One interesting aspect of this problem will immediately arise in carrying out the reduction of Soviet military forces. The professional military men will of course wish to use the criterion of military capability in selecting the personnel to be retained, while the Party will certainly insist upon retention of what it considers the necessary complement of Party-minded and trained officers.

Probably the most serious internal problems in the Soviet Union are economic. Khrushchev's goal of overtaking the United States in per-capita production within a comparatively short time was said to be one of the issues upon which he broke with the Molotov group. In any event his intense concentration upon this goal to the exclusion of other objectives has undoubtedly set up strains within the system. One of the most important of these is that it means further postponement of the achievement of a high standard of living. It is clear that the regime recognizes that a gradual increase is necessary, but the problem is the rate of this rise. Basic to this issue is the problem of operating the Soviet Union without the use of mass terror. The function of Khrushchev's economic policy is to build up Soviet production rapidly through the use of persuasion and incentives. This has widespread repercussions and it is not yet entirely clear that it can be made to work satisfactorily in the light of other regime objectives. It is already clear that the appetite grows with eating, and I suspect that the regime is going to be obliged to develop the production of consumer goods faster than they had planned. An example of this is the housing problem, which will now be increased by the granting of priority for housing to demobilized members of the armed forces. In the

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period when almost no one had adequate housing there was great dissatisfaction, but the pressure for improvement was probably not as great as it is now when almost every Soviet citizen has a friend who has obtained new housing and this adds greatly to his own discontent. Moreover the Soviets will find it difficult to allow living standards in the satellites to get very much higher than in the Soviet Union itself.

One of the most serious economic problems is that of farm policy. The peasants are still probably the most dissatisfied group in the Soviet Union despite recent improvements. It is probable that the regime will have more difficulty in meeting its Seven Year Plan goals in agriculture than in industry. Probably more serious, however, than the drive for increased production is the dilemma facing the Soviet regime in its basic farm policy. In addition to the discussion of the problem in Khrushchev's speech at the plenary meeting of the Central Committee in December of last year, an extremely interesting article by Zaslavskaya was published in issue #11, 1959, of Voprosy Ekonomiki. From these statements it is clear that the regime is faced with the dual problem of trying to raise the level of the backward collective farms and at the same time deal with the fact that members of some collective farms are now receiving compensation that is too high. It is apparently intended to deal with the latter problem by variations in prices paid for agricultural products in different regions, by payments in money which will not be allowed to rise above wages on state farms, by siphoning off collective farm indivisible funds for community projects and for assistance to backward collective farms, and by income taxes. The direction of policy is clearly toward gradually turning the peasants into paid workers and reducing the distinction between state and collective farms. Whether these measures can be carried out and the incentives necessary for increased production still maintained, remains to be seen. Although Khrushchev has indicated that such measures must be carried out with caution, they are certain to arouse resentment on the part of the peasants adversely affected. Other farm policies likely to arouse resentment are the attempt to reduce individual holdings, and Khrushchev's pet project of the development of agrogorets with centralized farm housing.

In the industrial field the regime is faced with serious price and wage problems. Here also Khrushchev is trying to develop individual initiative through material incentives and has to a large extent recognized that the goal of building Communism is not enough to secure a high level of production. The problem of maintaining a classless society while yet rewarding initiative is a difficult one. Moreover, although the decentralization of industry has not proceeded far, it has already given rise to problems of nationalism and localism. As the Soviet economy grows in complexity the problems of centralized control are increasing and will probably force further measures of decentralization with their concomitant problems.

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3. External Affairs

Undoubtedly the most serious problem within the Communist bloc is that of Soviet relations with Communist China. I am convinced that the differences between the two countries are profound and will probably worsen rather than improve over the long run. I would not expect any complete break in the foreseeable future but I do not think such possibility can be excluded.

A problem on which there is undoubtedly a difference of opinion within the regime is the degree of conformity which should be demanded of the other Communist satellites. In relations with the free world, Khrushchev's drive for coexistence has not only raised ideological problems and set up strains within the leadership but has also had repercussions within the Soviet public as a whole and has set into motion developments which will not be easy to control. Khrushchev's effort to develop and portray friendly relations with the United States in particular has struck a most responsive chord with the Soviet people despite the years of intense anti-American propaganda. The opening up of cultural and technological contacts, the diminution in the jamming of our broadcasts and the increase in the publication of foreign news with the increase in knowledge of foreign points of view have already had an important effect, and the longer this is continued the more difficult it will be for the regime to reverse its policies. As merely one example of the widespread effect which such policy can have, might be cited the fact that it is now more difficult to convince the Soviet people that a foreign threat makes it necessary to postpone the satisfaction of their desire for a better standard of living.

One of the most unpopular of Khrushchev's foreign policies is that of aid to underdeveloped countries. Particularly unpopular is the program of aid to Egypt. The public in general feels that the money could better be spent at home and they dislike Nasser as a dictator. Communist Party members resent aid to a country which has persecuted Communists, and there are doubtless many who do not understand or support Khrushchev's game of playing for higher stakes.

In the foregoing discussion I have in general not touched upon Soviet successes and strengths nor have I attempted to cover all of the problems which the Soviet Union is facing. Instead I wish to underscore the principle that in any society there are inevitable pressures for change generated not only by unsatisfied human desires but also by unsolved operating problems. These pressures are necessarily intensified in a planned and goal-oriented society where the leadership reserves to itself the exclusive right to introduce changes. Paradoxically, the efforts of the regime to solve current

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problems by attempting new approaches inevitably creates a new set of strains. To be sure, Khrushchev is intent on preserving the basic forms of the present Soviet system, and the changes that he has introduced can be described as being more within than of the system. Yet as he moves to make the system more productive, Khrushchev must weigh the demands of pervasive political controls against the demands of productivity. His record to date has been one of seeking a safe compromise between these two requirements. By seeking to induce greater effort and discipline on the part of the population through persuasion rather than coercion, Khrushchev has committed himself to a course where retreat becomes increasingly costly and where the changes already introduced, if successful, tend to encourage additional changes leading in time to a more normal society within the U.S.S.R. The pace of this evolution is difficult to gauge but I believe it is developing rapidly due in part to the fact that Khrushchev at 65 is a man in a hurry. I believe it to be sound American policy to facilitate this evolution in every way practicable.

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Categories of Soviet Citizens Believed to be Opposed to Khrushchev
and/or the Present Communist Regime

1. Certain members of the KGB as a result of liquidation of Beria and reduction in role of the secret police.
2. Friends and followers of the Molotove-Malenkov group. Cavalier treatment of Molotove resented by large numbers of the general public who respected Molotov as an old Bolshevik. This group includes the incorrigible Stalinists.
3. Those in Moscow Ministries and others adversely affected by the economic decentralization program.
4. Many of the technicians and Party personnel whose status was reduced as a result of the abolition of the Machine Tractor Stations.
5. Armed Forces personnel resentful at treatment given Marshal Zhukov, at insistence on strict Party control of armed forces and those opposed to troop reduction in principle or adversely affected by it. This latter group will probably include the great majority of the 250,000 officers to be demobilized.
6. Those opposed to the educational reforms -- both educators and those having status they hoped to use to gain privileges for their children.
7. Those opposed to the New Lands program either on policy grounds or who have been exposed to hardships in implementing it.
8. The writers and intellectuals who resent Party control and who in general lack respect for Khrushchev whom they consider too crude to be the symbol of the Soviet State.
9. Many higher students who resent restrictions on their activities and who generally lack conviction in Communist ideology.
10. Many peasants who resent the pressure toward greater regimentation, the reduction of their private production activities, the attempts to level remuneration, etc.
11. Factory managers and workers adversely affected by bonus and wage policies.

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12. Nationalists. This is not a problem peculiar to Khrushchev's regime but it has probably been increased by his decentralization policies.
13. Religious believers who resent the fact that liberalization in other spheres has not included concessions to the churches.
14. The Jewish community who also resent continuing discrimination despite fact that Khrushchev's attitude toward them better than Stalin's. No indication as yet as to whether mention of cosmopolitanism in C. C. resolution on propaganda presages new anti-Semitic measures, although this might be inferred.
15. The growing group with bourgeois tendencies and tastes who resent Khrushchev's policies pointing toward a leveling process.

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217. Moscow's Friendship University

With its usual paeon of self-praise, the Soviet Union announced on 23 February that it would soon open the University of Friendship of Peoples in Moscow. Generally referred to as Friendship University in the West, the school will handle primarily Asian, African and Latin American students. The university is to have an initial enrollment of 500, eventually expanding to 3,000 to 4,000 students, and will offer specialized training courses of from four to eight years. Students will have all expenses paid, including transportation costs to and from the USSR, tuition, monthly stipends, free housing and medical care. This program will provide foreign students more generous financial assistance than is accorded Soviet citizens. There are now about 1,500 foreign students at Moscow University and several hundred more at other Soviet schools. In contrast to the announced peak of 4,000 students at Friendship University, there are 50,000 foreign students from 131 countries studying at 1,680 institutions of higher learning in the US this year. A portion of this number receive financial help from the US Government, while thousands more are assisted by the states, universities, foundations, and benevolent and fraternal organizations of all sorts. Additional thousands of foreign students are studying in universities in other free world countries.

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218. Disarmament

A 10-Nation disarmament conference will hold its first meeting in Geneva on 15 March. The five Communist nations are expected to rely on the Khrushchev plan while the representatives of the five Western powers will probably present a variant of the Lloyd Plan. Both the nuclear test ban and general disarmament measures will also be discussed at the Summit conference set for 15 May in Paris. Disarmament negotiations with the USSR have been conducted since 1946, but the first noticable progress is in the work on banning nuclear tests, which has been going on at Geneva since October 1958. Two comprehensive disarmament plans have been proposed. One by Khrushchev presented in his speech before the UN on 18 September a plan for total disarmament. On 17 September, Selwyn Lloyd presented another plan leading to total disarmament but which made explicit provision for the development of inspection systems and for the creation of an international police force.

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219. Latin American Economic Cooperation

Heartening signs that Latin America is embarking on a program of mutual assistance is demonstrated by the establishment of two free trade areas (common market) in Central America and South America. In February 1960, El Salvador, Guatemala and Honduras signed a treaty which threw open the doors to free commerce among the three countries, called for the consolidation of their customs organization within five years, and created development and aid fund for industry and agriculture. On February 18th, Argentina, Brazil, Chile, Mexico, Paraguay, Peru and Uruguay signed a treaty for a free trade zone linking their economies. The treaty has yet to be ratified and in any case will not go into effect until 1961. Its aim is to increase trading within the seven countries by lowering customs barriers among member nations while presenting common tariff walls to outside nations, thus broadening the market beyond national boundaries and achieving tariff protection from outside competitors. Problems involved in establishment of the common market are geographical barriers and lack of transportation facilities between member countries with consequent limited trade between Latin American countries. Although the actual trade covered by the agreement is very slight, the potential for expansion is large. A leading spokesman for the "doctrine of self-reliance" is Mexico's President Lopez Mateos who recently toured six Latin American countries. He took the line that the United States is not to blame for all of Latin America's economic and political ills and that there are active and latent spiritual and economic resources within Latin America which can be harnessed for the common good: "each country should make its own effort to promote development since that is the only sure way of success". The importance Peking attaches to this first step in self-help is illustrated by their broadcast of 1 March which not only deplores the common market as destructive to Latin America economies, but states it is only an imperialist scheme further to infiltrate US monopolist capital into Latin America.

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ADDENDUM TO BI-WEEKLY PROPAGANDA GUIDANCE
NUMBER 35

14 March 1960

The attachment to the guidance entitled Khrushchev-Gronchi Exchange (Bi-Weekly Propaganda Guidance #34, Item #211) is a translation of an article which appeared in the Milan paper Corriere della Sera on 9 February 1960. It was written by the prominent Italian journalist, Luigi Barzini, Jr. who was present during the reception in question and claims to have reported the dialogue verbatim.

Item #215: Reference Bi-Weekly Guidance No. 33, Item #208, "Self-Determination for Tibet" dated 15 February 1960.

Item #217: * Reference Bi-Weekly Guidance No. 23, Item #144, "Non-Communist Foreign Students in Soviet Bloc Schools" dated 28 September 1959.

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